

SMALL MUNICIPALITIES SHARED REVENUE

The small municipalities shared revenue (SMSR) payment provided unrestricted aid to municipalities with low population and low equalized value. The payment supplemented regular shared revenue payments. Counties did not qualify for this payment.

The SMSR payment (originally called the small community improvement payment) was enacted as part of the 1991-1993 biennial budget. Funding for SMSR payments was \$10 million in 1994, \$14 million in 1995, \$10 million from 1996 to 1999, \$11 million for 2000 and 2001, \$11,100,000 for 2002 and \$11,221,100 for 2003. 2001 Wisconsin Act 109 eliminated the payment for years after 2003.

Eligibility

A municipality qualified for a SMSR payment if it met all of the following conditions:

1. Its population in the year before payment was 5,000 or less.
2. Its municipal-purpose property tax rate for taxes payable in the year before payment was 1 mill (\$1 per \$1,000 of equalized value) or more. This calculation excluded tax incremental financing (TIF) district levies and equalized values. For 2003 payments only, a municipality could also qualify if its equalized value was no more than \$10 million and its 2001/02 municipal-purpose tax rate was more than 0.85 mills.
3. Its equalized value (defined as the total value of taxable property minus the value of manufacturing realty and plus the value of exempt computers) in the year before payment did not exceed \$40 million. This limit did not apply to municipalities with a land area of 54 square miles or more.

The population and equalized value data used to determine eligibility were also used when calculating payments. However, for municipalities with a land area of 54 square miles or more and an equalized value of more than \$40 million, a value of \$40 million was used when calculating payments.

Payments

The SMSR payment was determined in four steps:

1. *Base Entitlement:* The base entitlement was the greater of \$10 per capita or the following amount:

Base Entitlement	=	$\left(\$55 - \frac{\text{Equalized value}}{\$40,000,000} \times \$55 \right) \times \text{Population}$
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This entitlement directed more aid to municipalities with high populations and low equalized values. Municipalities with an equalized value for payment purposes of \$32,727,273 or more qualified for a base entitlement of \$10 per capita.

2. *Minimum entitlement:* The minimum entitlement was the greater of \$0 or the following amount:

Minimum Entitlement	=	\$18,000 -	$\left(\frac{\text{Equalized value}}{\$1,000,000} \right)$	X \$ 720)
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The minimum entitlement directed more funds to municipalities with low equalized values. The minimum entitlement was \$0 for municipalities with an equalized value for payment purposes of \$25,000,000 or more.

3. *Maximum entitlement:* The maximum entitlement was the greater of \$10,000 or the following amount:

Maximum Entitlement	=	\$45,000 -	$\left(\frac{\text{Equalized value}}{\$1,000,000} \right)$	X \$1,750)
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The maximum entitlement restricted payments from becoming unduly large. Municipalities with an equalized value for payment purposes of \$20,000,000 or more qualified for a maximum entitlement of \$10,000.

4. *Actual entitlements:* The above three entitlements were compared. The base entitlement was used except as follows: (a) if the base was less than the minimum entitlement, the minimum entitlement was used, or (b) if the base was greater than the maximum entitlement, the maximum entitlement was used.

When determining actual payments, entitlements were prorated to fully allocate the available funds. For payments in 2003, entitlements were prorated at 145.64%.

Payments for 2003 were distributed to 773 municipalities: 541 towns (\$6,851,066), 221 villages (\$4,236,151), and 11 cities (\$169,883). The distribution by entitlement type is as follows:

TABLE 1
PAYMENTS FOR 2003

Type of Entitlement	Number of Municipalities	Percent of Qualifying Municipalities	Total Payments	Percent of Payments
Base	421	54.1%	\$5,445,344	48.5%
Minimum	81	10.4	1,431,202	12.8
Maximum	276	35.5	4,344,554	38.7
Total	778	100.0	11,221,100	100.0

Payment dates: Municipalities were notified of their payment for the coming year on or before September 15. Payments were made at the same time as regular shared revenues: 15% on the fourth Monday in July and the remaining 85% on the third Monday in November.

The 15 municipalities with the largest SMSR payments for 2003 are shown in Table 2.

TABLE 2
15 MUNICIPALITIES WITH THE LARGEST SMSR PAYMENT IN 2003

Municipality (County)	Type of Entitlement	SMSR Payment	SMSR Payment per Capita	2003 Final Population
V. Norwalk (Monroe)	Maximum	\$37,356	\$57.83	646
V. Fairchild (Eau Claire)	Base	32,945	60.67	543
V. Viola (Richland and Vernon)	Maximum	31,408	44.36	708
V. New Auburn (Barron and Chippewa)	Base	30,368	52.45	579
V. Mattoon (Shawano)	Base	30,321	65.49	463
V. Prairie Farm (Barron)	Base	30,143	58.99	511
V. Linden (Iowa)	Maximum	29,691	47.66	623
V. Merrilan (Jackson)	Maximum	29,683	50.91	583
V. Taylor (Jackson)	Base	29,658	57.48	516
V. Ontario (Vernon)	Base	28,769	60.31	477
V. Camp Douglas (Juneau)	Maximum	28,350	49.82	569
V. Withee (Clark)	Base	27,686	55.26	501
V. Wilton (Monroe)	Base	27,616	52.71	524
V. Avoca (Iowa)	Maximum	26,919	43.21	623
V. Melrose (Jackson)	Base	26,685	51.22	521

The 15 municipalities with the largest SMSR payments per capita in 2003 are shown in Table 3.

TABLE 3
15 MUNICIPALITIES WITH THE LARGEST SMSR PAYMENT PER CAPITA IN 2003

Municipality (County)	Type of Entitlement	SMSR Payment per Capita	SMSR Payment	2003 Final Population
V. Ingram (Rusk)	Minimum	\$319.99	\$24,959	78
V. Mason (Bayfield)	Minimum	299.99	23,999	80
V. Big Falls (Waupaca)	Minimum	280.51	23,563	84
V. Melvina (Monroe)	Minimum	277.28	24,678	89
V. Couderay (Sawyer)	Minimum	260.08	23,927	92
V. Woodman (Grant)	Minimum	254.77	24,203	95
V. Glen Flora (Rusk)	Minimum	242.74	23,060	95
T. Wilson (Rusk)	Minimum	240.05	20,164	84
V. Tony (Rusk)	Minimum	224.31	23,103	103
V. Conrath (Rusk)	Minimum	223.04	23,865	107
V. Lublin (Taylor)	Minimum	219.07	22,783	104
T. Butler (Clark)	Minimum	205.80	17,493	85
T. White Oak Springs (Lafayette)	Minimum	196.67	19,470	99
V. Bell Center (Crawford)	Minimum	196.37	22,582	115
T. Anderson (Iron)	Minimum	190.67	11,820	62

A breakdown of SMSR payments by town, village and city since 1996 is shown in Table 4. The table shows that the number of localities receiving a SMSR payment declined over time. The main reason for the decline was the increasing number of municipalities whose equalized value exceeded the \$40 million limit for SMSR eligibility.

TABLE 4
SMALL MUNICIPALITY SHARED REVENUE PAYMENT, 1996 – 2003

Year	Towns		Villages		Cities		State Total	
	Recipients	Payment	Recipients	Payment	Recipients	Payment	Recipients	Payment
1996	792	\$6,628,314	263	\$3,086,195	35	\$285,492	1,090	\$10,000,001
1997	761	6,591,480	257	3,117,782	34	290,737	1,052	9,999,999
1998	727	6,491,601	254	3,221,630	32	286,768	1,013	9,999,999
1999	703	6,444,586	249	3,294,813	26	260,600	978	9,999,999
2000	650	6,914,072	245	3,830,011	21	255,916	916	10,999,999
2001	621	6,825,556	239	3,915,849	20	258,596	880	11,000,000
2002	573	6,826,846	225	4,094,032	13	192,121	811	11,109,999
2003	543	6,789,502	224	4,263,264	11	168,334	778	11,221,100